

# Corporate Peer Challenge Copeland Borough Council **Council**

*6 – 8 November 2018*

Feedback Report

## Executive Summary

The Corporate Peer Challenge (CPC) Team spent three days on site at Copeland Borough Council, in addition to a familiarisation tour of parts the Borough. During the CPC the team spoke to a number of stakeholders including staff, partners and councillors. The team heard a range of feedback and in particular were struck by the clear pride and commitment of staff who work for the Council. There was a consistent message about the visibility and influence of the Chief Executive and Mayor, and the team noted the resilience shown by the organisation in the wake of the unprecedented challenges they've faced in recent years.

The timing of the CPC coincided with the implementation of a different governance model, with Copeland operating under a Mayor and Executive structure since 2015. Following a boundary review (in 2017), the Borough is in the process of reducing from 25 wards to 17, and a reduction from 51 councillors to 33, in 2019. These changes made it ideal timing for a CPC, as the Council prepares for its 2019 elections and continues its journey to achieve the priorities set out in the 2016-2020 Corporate Strategy.

Copeland Borough Council is operating in the face of enormous challenges due to a number of unparalleled incidents that have occurred over recent years in addition to historical issues related to financial reporting and late submission of accounts. As a small, rural authority, the challenges of austerity have been exacerbated by factors including the reliance on the nuclear industry and 2017's devastating cyber-attack. The Peer Team witnessed great resilience amongst staff, senior managers, the Mayor and Elected Members, and credit should be given to the workforce for their continued aspiration for Copeland's future.

Despite the difficult climate that the Council is operating in, there have been a number of positive outcomes for residents in the last 12 months including the launch of a town centre regeneration scheme, creation of the multi-agency Copeland Hub in partnership with Cumbria Constabulary and a clear theme of social inclusion that runs through the Council's priorities. The team spoke to around 80 stakeholders during their visit, and it was clear that the Council's leadership, including the Chief Executive and Mayor, are widely respected and well-thought of. Staff spoke of the Chief Executive's approachability and the Council's leadership was described by a number of partners as "open for discussion". The approachable leadership style is emulated throughout the organisation, demonstrated in employees telling the team that they are "proud to work for Copeland".

The Peer Team found employees to be engaged and passionate. The organisation has recently expanded its senior management team, and this was welcomed by the workforce. The Council is committed to modernising and will need to carefully consider whether it has the capacity and skills to fulfil new initiatives including commercialisation and further digitalisation. The recent introduction of a new performance management process, known as the "5Ps" will help Copeland recognise where skills development is required through a strategic organisational development approach. It is likely that there is untapped talent amongst employees and a clearer workforce strategy will help succession planning, as well as recruitment and retention.

Effective partnership working is imperative for Copeland, and the Peer Team were asked specifically to consider how effective the Council are as a leader and partner. There are exciting developments for the Council, with the planned extension of the Copeland Multi-Agency Hub. The Council also has commercial ambitions and is working with partners to facilitate growth in the Borough. The Peer Team spoke to a number of partners who regarded the Council positively and heard impressive examples of collaborative working including the Copeland Hub and the “Future Pathways” project which is intended to help raise aspirations of children in the Borough.

The Council have a detailed understanding of the significant and serious financial challenges that they face. However, there has been a long history of poor financial reporting at the Borough, with late preparation of accounts for four consecutive years. This was exacerbated by the cyber-attack in 2017, which contributed to the Council being unable to produce their accounts on time again in 2017/18. The Peer Team found evidence that steps have been taken to address historical governance issues, for example the appointment of a new Chief Finance Officer. However, the financial challenge remains extremely serious and this needs to be more widely understood by Members. There will be difficult decisions to make when considering the medium term financial strategy and the Council should now be preparing how to approach its long term financial planning.

The physical location of Copeland offers many opportunities, but also many challenges. Although it is a small, isolated rural borough with areas of great deprivation, the Sellafield nuclear site is a substantial employer with competitive salaries. The Council's reliance on nuclear has been significant and the news that Toshiba had withdrawn from the Moorside project was formally announced while the Peer Team were on site. To support the Council's housing strategy, sustainable legacy solutions were planned for the Moorside nuclear development. Through conversations with the Chief Executive and Mayor, it was established that despite the news, Moorside remained a part of the Council's long term vision, and therefore the team included a recommendation about the continuation of lobbying for legacy housing.

## 1. Key recommendations

There are a range of suggestions and observations within the main section of the report that will inform some ‘quick wins’ and practical actions, in addition to the conversations onsite, many of which provided ideas and examples of practice from other organisations. The following are the peer team's key recommendations to the Council:

- 1. Sharpen the vision for Copeland as a place - with clear priorities and delivery plan.** Copeland is ambitious and to ensure that ambition can be realised, the Council should focus on refining priorities to avoid overstretching capacity.
- 2. Develop clear understanding of commercial ambition and how it can help support the council through challenges.** There has been a significant pace of change at the Council within recent years. It is timely for the Council to hone its commercial ambition to help meet future transformation challenges.
- 3. The profile of the financial challenge should be raised urgently with all Members.** The longstanding failure to produce accounts is well-known and action is being taken prevent this happening again. However, the Council's forecast financial position requires immediate action and it is not widely understood that this is urgent.

4. **Revisit the importance of tourism for the Borough and the role for the Council in that.** Tourism has been described as being “firmly back on the agenda”. The planned 2019 Tourism Summit and a refined focus on tourism will help provide the Council with further direction for a tourism strategy.
5. **Develop a clearer workforce strategy to ensure that the Council has the right skills and career development for its workforce, including apprentices and succession planning.** The Council should utilise the talent and skills of staff at all levels of the organisation to deliver objectives and aid recruitment and retention.
6. **Recognise where there is a skills deficiency or resilience risk and consider forming alliances to ensure there is the right capacity to realistically deliver ambition.** Copeland has a proven track record at building and facilitating effective partnerships. The Council should look to capitalise on the goodwill of relevant partners to unlock capacity to deliver current and future plans.
7. **Work with developers or partners to address issues of land supply.** The Council currently has a significant land supply issue, with the latest assessment showing that the Council can only demonstrate a maximum of 2.3 years of housing supply. The Council should work with developers or partners to identify opportunities to address this shortage.
8. **Explore other opportunities/vehicles to bring housing development forward.** To address the housing supply shortage in the Borough, the Council is encouraged to consider ambitious and innovative options, for example housing delivery vehicles, to accelerate the supply of the right homes within Copeland.
9. **Continue to lobby for and support legacy housing from Moorside.** Nuclear continues to be an important part of Copeland’s future, and it will be important for Copeland to continue to lobby for legacy housing from Moorside or any alternative nuclear arrangement within the Borough.
10. **Opportunity with upcoming elections to revive member development programme, including what it means to be a councillor under a mayoral system.** To realise the full potential of the Mayoral model, the Council should reconsider its approach to Member Development to ensure engagement and use the induction programme after the elections to reflect on the respective roles of Members and officers in a Mayoral model.
11. **Build on the profile and traction generated by the Mayor and the Chief Executive to promote the Borough beyond Copeland.** There are several examples of the Council doing things well, for example the Pride of Place campaign and the Copeland Community Hub. It will now be important for the Council to promote these successes both within the Borough and further afield so that there is a clarity of narrative about the vision and ambition

## 2. Summary of the Peer Challenge approach

### The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer challenge. Peers were selected on the basis of their relevant experience and expertise and agreed with you. The peers who delivered the peer challenge at Copeland Borough Council were:

- Allison Griffin, Chief Executive – Sedgemoor District Council

- Cllr Linda Robinson – Wychavon District Council
- Cllr Tom Beattie – Corby Borough Council
- Mark Green, Director of Finance & Business Transformation – Maidstone Borough Council
- Tracy Manning, Director of Resources, Monitoring Officer and Returning Officer – Fylde Borough Council
- Jonathan Stephenson, Joint Strategic Director – Babergh & Mid Suffolk Councils
- Helen Jenkins, Peer Challenge Manager – Local Government Association

## **Scope and focus**

The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement:

1. Understanding of the local place and priority setting: Does the council understand its local context and place and use that to inform a clear vision and set of priorities?
2. Leadership of Place: Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders?
3. Organisational leadership and governance: Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented?
4. Financial planning and viability: Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully?
5. Capacity to deliver: Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?

In addition to these questions, you asked the peer team to provide feedback on the Council's role as a leader and partner in its strategic partnerships. This fits into the first two components in the list above, but the Peer Team were specifically selected with this in mind.

## **The peer challenge process**

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 3 days onsite at Copeland Borough Council, during which they:

- Spoke to more than 80 people including a range of council staff together with councillors and external partners and stakeholders.
- Gathered information and views from more than 30 meetings, visits to key sites in the area and additional research and reading. The team also took part in a familiarisation tour of parts of the Borough.
- Collectively spent more than 280 hours to determine their findings – the equivalent of one person spending more than 8 weeks in Copeland Borough Council

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit on 8 November 2018. In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

### 3. Feedback

#### 3.1 Understanding of the local place and priority setting

Copeland Borough Council have a clear understanding of the local place and the context of the challenges they are facing. Their corporate strategy, “Copeland 2020”, describes the distinctive geographical landscape and provides narrative about the demography of Copeland. Although most of the Borough is rural, the majority of the population reside within the four market towns of Whitehaven, Cleator Moor, Egremont and Millom. The nuclear sector, and its supply chain, is a major employer in the area and the higher than average salaries mean that the Borough is generally prosperous<sup>1</sup>. However, there are also concentrated pockets of great deprivation and poorer standards of health and education, lower household incomes and benefits dependency in parts of the Borough. Throughout interviews with stakeholders, the Peer Team found a clarity of understanding about the context of the challenge facing the Borough and recognition of some of the unique factors that people living and working in the Copeland face due to its rural and isolated location, and proximity to a major employer like Sellafield.

The Corporate Strategy describes four ambitions for the Borough: Town Centre Regeneration, Commercialisation, Employment Skills & Social Wellbeing and “strengthening the way we operate”. In recent years a number of challenges have faced the Council, which has tested its ability to deliver fully against all of its ambitions. Challenges have included the business rates appeal brought by the Nuclear Decommissioning Authority (NDA) which resulted in the Council paying £12.6million as a rebate, natural disasters such as flooding and the devastating cyber-attack that hit the Council in August 2017. The long history of late preparation of accounts has also contributed to the challenging landscape that the Council is operating in. The Peer Team witnessed an understanding of this complex local context by the Chief Executive and Mayor, and an impressive resilience amongst the wider workforce. This was demonstrated in numerous anecdotal examples of teams providing support to each other during emergency situations. For example, the use of technology (e.g. Whatsapp) by teams to keep each other informed, and a celebration when the Revenues and Benefits team relocated back to the Whitehaven offices after the cyber-attack. The resilience, and the sense that “we’re still here, despite everything” resonated through the organisation and was evidenced in the conversations that the Peer Team had while on site.

The ambition and aspirational plans of the Borough were further demonstrated in conversations the Peer Team had with Members, partners and managers. The plethora of planned initiatives is ambitious and to avoid duplication the Council could benefit from refining its vision to help ensure that it and its partners have a strategic oversight of all plans, and that opportunities for collaborative working are

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<sup>1</sup> Copeland had a median gross annual salary of £29,190 in 2015, which is in the highest 10% of all local authorities in England and Wales. The average workplace-based annual salary for Copeland was £10,775 higher than the average residence-based salary (£39,965 compared with £29,190). – Office for National Statistics

maximised. During discussions with partners including from voluntary, tourism and business sector the team heard about multiple priorities related to tourism, business opportunities and the community. While these are not mutually exclusive priorities, it will be important to consider how they interlink. Therefore, the Peer Team recommended that now is the time to provide a more focussed vision and be clear on priorities, in order to ensure that they are deliverable, affordable and realistic in the current climate. To achieve this, the Council should have a clear delivery plan for the ambitions set out in the corporate strategy, with clear timescales and performance measures that link back to the mission statement of “making Copeland a better place to live, work and visit”.

The Peer Team found evidence of a number of examples of the Council doing things well, including the Copeland Community Hub and Pride of Place campaign. There was clear evidence that there is a strong sense of community and pride in Copeland. This was replicated in the Council’s plans including the Town Centre regeneration projects. On the familiarisation tour of Copeland, the team saw clean streets and tidy community areas. This appears to be a credit to the Mayor’s Pride of Place campaign which includes work with communities, schools and other partners to raise awareness and reduce littering. It will now be important for the Council to raise the profile of these success stories so that there is a clarity of narrative about the vision and ambitions. By raising awareness of the plans and by communicating the vision to partners and residents in and beyond Copeland, the Council can strengthen its position as a Borough that tourists want to visit and that businesses want to invest in. In addition, the 2019 elections offer a timely opportunity for Members to engage with the vision and take a role in promoting Copeland’s success stories in the Borough, Cumbria and beyond.

It was understood by the Peer Team that tourism had previously been a priority for the Council, however, in recent years had become less prominent due to a lack of capacity to deal with non-statutory services. The Mayor has now committed to putting tourism in Copeland “firmly back on the agenda”, evidenced through the upcoming Tourism Summit planned for Autumn 2019 and the Council’s engagement with Cumbria Tourism. The Council has an opportunity to review and realise the potential opportunities that tourism can bring to the Borough, including benefits to the local economy through visitor expenditure. The Tourism Summit and a refined focus on tourism will help provide the Council with further direction for a tourism strategy and a brand for the Borough as a tourist destination. This will be particularly important for Copeland due to the infrastructure issues related to being a rural and isolated borough.

The Council’s proximity to Sellafield means that it is in a unique position, with higher than average salaries and the nuclear industry employing over 60% of all employed persons in Copeland. The nuclear sector brings with it several major industrial partners and economic benefits to the Borough. Cumbria’s nuclear sector is currently transforming and over the next 4 to 5 years, a reduction in 3,000 roles is anticipated which will undoubtedly have an impact on the local economy. There are business opportunities with the future of Sellafield and nuclear in Cumbria, including the possibility of a geological disposal facility, for the safe storage of nuclear waste. The Peer Team found that there would be benefit from agreeing a view on the long-term storage of nuclear waste, so that options can be



appraised and approach can be agreed. The Council also has a number of existing partnerships and opportunities to work with other industries, for example the West Cumbrian Mining proposal. To reduce the risk of being over-reliant on one sector, Copeland should continue to explore opportunities to learn from others about transitioning to new industry.

The Council is clearly ambitious and the four overarching deliverables set out in the Corporate Strategy are, indeed, wide reaching and strategic. However, there is a risk that the Council could overstretch capacity and therefore the Peer Team recommended a review of the corporate priorities to ensure they are sharpened and focussed. While the Team is not disputing the themes of the priorities, there would be benefit of clear and measurable action points against the objectives. Ensuring clarity of narrative about vision and priorities, that is clearly linked to measurable outcomes for the Council and its communities, will help Copeland continue its journey to being a better place to live, work and visit.

### **3.2 Leadership of Place**

The Council was referred to positively by numerous partners that the Peer Team spoke to, including being described as “punching above its weight in partnerships”. This was further evidenced by the information gathered by the Peer Team and triangulated through interviews and focus groups. One partner described Copeland as “open for discussion” and this was backed up by practical examples of the Council as a proactive and committed partner. For example, the “Copeland Hub”, a multiagency hub set up to coordinate partners in reducing crime and tackling anti-social behaviour. The Council was instrumental in setting up the Hub and its continued leadership is demonstrated by the fact that a dedicated Copeland employee manages it. This responsibility includes people-management of staff from other agencies which helps to provide a clear focus for the direction of resources within the Hub. The main partners of the Hub, in addition to the Council, are the Cumbria Constabulary, Cumbria Fire and Rescue, three registered social landlords, mental health services, the County Council and probation services. The partnership handles referrals made by one of the partner agencies where there is a need for a multi-agency approach – the Hub is a demonstration of how strategic arrangements can help improve the experience of residents who are in receipt of services from multiple partners. The Hub is widely regarded as a positive asset for the Council and was described as “a real feather in the cap for Copeland”. The Hub is being used as a blueprint to extend the Hub partnership to others areas within Cumbria.

In addition to taking a leading role in its partnerships, the Council was also described as “proactive” during discussions with key partners. This is evident in the Future Pathways project, which works with secondary school aged students to develop their life skills, build their confidence and engage them in their community. This project involves the Council working collectively with representatives from partner agencies and business to improve the local area, community and life chances for young people in the Borough. The Council has also gained backing to provide a building for a women’s centre on a peppercorn lease, which is illustrative of the Council’s commitment to maintaining social value in its ventures. A

commitment to enhancing social mobility in the Borough is further demonstrated through the Council's adoption of the National Social Value Framework, and a number of projects including the Pre-Birth and Beyond initiative, participatory budgeting and the Chief Executive's role on Well North for Whitehaven, a Public Health England initiative which links people to help communities thrive.

The place-shaping agenda for Copeland is communicated through the Council's Corporate Strategy, with "Town Centre Regeneration" listed as a key deliverable. The partnership with BEC, an asset-based property and regeneration company, which the Council jointly owns with Allerdale District Council, Cumbria County Council and the Nuclear Decommissioning Authority, is driving regeneration in the Borough. For example, BEC are working in partnership with Sellafield to redevelop the Whitehaven bus station, a scheme funded by the Nuclear Decommissioning Authority that will provide a modern office space for tech, digital, media and creative start-ups. This project, known as the Buzz Station, will transform the physical appearance of Whitehaven's north shore, alongside enhancing economic growth potential in the locality by linking with existing regional and national opportunities through the Cumbria Local Enterprise Partnership.

The place agenda is being driven by the Mayor and tangible success can be seen. For example, along with the facilitation and convening of business partners through initiatives such as the Buzz Station, an individual vision for place has been created for all four towns in the Borough. There is a careful balancing act for any Council in ensuring that all of the focus and resources are shared amongst towns within the Borough. However, the Council should consider the collective vision for Copeland when delivering the individual plans for each of the four Borough towns. There might also be benefit of "piloting" elements of plans in one area, and then replicating the model across the rest of the Borough, incorporating any lessons learned.

The Mayor's influence and drive in terms of place shaping, was demonstrated in interviews, with stakeholders, including the comment that "better relationships [had been built] through the Mayor's role". This includes the profile and outward focus the Mayor provides with regards to the Council's role on the Centre of Nuclear Excellence partnership, and Copeland's status as a major hub for the nuclear industry supply chain. In addition, the new "future opportunities group", a business leaders' forum, set up by the Mayor, which brings together sector leaders from across the Borough and has been influential in maintaining conversations focussed on business in Copeland.

Copeland is the host authority for the Copeland Community Fund, an agreement negotiated with Government to recognise the service Copeland provides to the nation by hosting the Low Level Waste Repository. The Fund is a good example of the Council contributing to a strategic partnership beyond traditional boundaries. The presence of two Copeland Borough Councillors on the CCF Board, alongside Cumbria County Councillors, LLWR representative and Nuclear Decommissioning Authority demonstrates collective leadership capability and will help build consensus between organisations across the place. However, the Peer Team recommend that the Council consider how they can influence the administration of the CCF to make it more user-friendly. This recommendation came from

observations made by the Peer Team following conversations with the voluntary and health sector about the Fund. Applying for the Fund was described as being heavily administrative, with the risk that there might be burdensome administration even for small grants.

The Council clearly exhibits some good practice as a partner, convener of partner and leader in strategic partnerships. There is potentially more that the Council can do to release capacity through its relationships and this is covered in section 4.5 of this report.

### **3.3 Organisational leadership and governance**

Copeland Borough Council employees are committed and passionate, which has been demonstrated through their resilience and commitment during the 2017 cyber-attack. The Peer Team heard accounts of strong team working and comradery of customer facing teams to limit the impact of the emergency on residents. One stakeholder told us that the “adversity around the cyber-attack has cemented relationships between teams”. The Peer Team found the resilience of staff at all levels admirable, and recognised that it deserved real credit.

This resilience appears to stem from the leadership shown by the Mayor and Chief Executive, who are considered a visible and influential team. The Mayor is supported by a full time Political Adviser, and this new role appears to work well, providing a link between the political and operational sides of the organisation. The commitment to more robust internal governance is also demonstrated in the specific appointment of a new Monitoring Officer, a role which was described as being charged with “re-establishing the spine of the organisation”. This will be a crucial role to ensure that the internal governance arrangements are robust as the Council continues its journey of recovery following the cyber-attack. It is understood that governance will be further strengthened by the appointment of a permanent Internal Audit Manager, who has been in post since 1<sup>st</sup> October 2018. As a part of the work to re-establish the spine of the organisation, legacy internal audit recommendations had been addressed and dealt with. There is clearly a need to continue monitoring any outstanding recommendations and ensure that the positive strides that have been taken towards a change in culture are embedded and maintained. It was noted that the external auditor made a significant number of recommendations and commented on the late preparation of financial statements.

The Council has one Overview & Scrutiny Committee which has the primary function of reviewing and scrutinising decisions, policy and performance of the council. Members and officers both reported that scrutiny functions well at the council and has been strengthened since the introduction of the mayoral model and the appointment of a full-time scrutiny officer. Scrutiny appears to be taken seriously, as evidenced through a work plan for the committee, a dedicated scrutiny officer post and topic ideas coming from both Members and officers. The Peer Team heard that committee meetings often last several hours and with the scarce resources across the Council, it would be sensible to review how much time senior managers spend at scrutiny meetings. Providing more guidance on prioritisation of topics, considering how scrutiny can contribute to policy development and exploring different methods for

conducting scrutiny, including the use of task and finish groups, could help the Committee operate more efficiently with the limited resources available.

The Audit and Governance Committee has an Independent Chairman who is not a member of the Council, which provides a measure of assurance about its independence and objectivity. The Committee was said to have had difficulty in ensuring that Internal Audit recommendations are implemented but it is felt that progress is now being made.

Member/Officer relationships appear to be generally good. Members that the Peer Team spoke to were extremely complimentary of staff and referenced the value of officer skills and expertise within the Council. As the Council approaches the end of the first four year term under the Mayoral Model, it is timely to review both officer and Member understanding of respective roles and responsibilities within this governance model. There were a small number of examples where concern was raised that Members had become too operationally involved, and the Peer Team recommend that it is worth redefining and communicating expectations and behaviours required of both Members and officers.

The upcoming elections in 2019 will provide the Council with an opportunity to reconsider the approach to Member engagement and development. The Peer Team saw evidence that training events for Members were routinely held, however attendance has been poor, with one example of only 6 (of 51) Members attending. The Communications Team work hard to provide informational briefings, however, there is limited evidence that these are being used widely by Members. Consideration should be given to how best to ensure Members are engaged and take advantage of different training opportunities including LGA programmes and sharing expertise with neighbouring or statistically similar authorities.

The Mayor of Copeland is visible in the Borough and the wider county. The isolated and rural nature of the Borough means that it is sometimes more logistically difficult to share good practice or ideas with colleagues from other councils outside of the region. The LGA Independent Group supports independent councillors at a national level and the Mayor might wish to consider if he could benefit from accessing that network to raise the profile of Copeland and take advantage of the resources available. In terms of internal communications, the Peer Team witnessed good practice in the form of the Mayor's monthly newsletter to staff, which provides update on corporate initiatives, welcome messages to new staff and information about what the Mayor has been working on. This appears to be a successful staff engagement mechanism, demonstrating visibility and good practice.

The senior officer team at Copeland Borough Council appears to be well-respected. The team heard several examples of how the Chief Executive is highly regarded, including specific comments about the pace of change since she has been in role. The senior management team has been through a number of changes in the last 12 months, including a small restructure which has expanded the team to include more head of service roles. The decision to invest in a larger top team appears to be working well with additional capacity to ensure robust organisational leadership and governance. However, the Council has ambitious plans and capacity will be required at all levels of the organisation. The Council will need to take an organisational

development approach to develop the skills and un-tap the potential amongst the workforce. Along with identifying the capacity and skills required to deliver against its ambitious plans, the Council should consider the appropriate development opportunities for its rising talent including apprentices and middle managers.

A new performance management culture is being embedded at the Council, through the introduction of the “5Ps” model of performance management (People, Performance, Professionalism, Passion, and Productivity). There was evidence that the model was beginning to be used by employees, with the “5Ps” mentioned at a number of meetings with staff. To continue to progress and develop as a modern workforce, Copeland should continue its journey to an organisational culture where providing constructive feedback by encouraging all staff to have conversations with their managers and teams about the “5Ps”.

A number of steps have been taken to strengthen the internal governance and provide professional and visible leadership. The “5Ps” provides a simple framework that staff can easily engage with and the Council is encouraged to continue embedding this open culture of performance management.

### **3.4 Financial planning and viability**

Copeland Borough Council have faced significant financial challenges in recent years. Like other local authorities, Copeland has seen a reduction in government funding since austerity measures were introduced, however, it has not benefited from additional or new sources of funding to support its budget. The austerity challenge has been exacerbated by other factors, including a poor PFI deal for the Copeland Centre and a business rates retention appeal which was won by the Nuclear Decommissioning Authority in 2015, meaning the Council lost significant reserves. The devastating cyber-attack of August 2017 meant that the Council was unable to complete budget monitoring and reporting, as it took six months for finance systems to be fully reinstated. The loss of corporate memory and knowledge through high turnover of finance staff and the historical problem of poor financial reporting meant that processes were less robust and therefore delayed the Council’s recovery from the cyber-attack. The Peer Team, however, noted that structural changes have been made to support financial planning, including the appointment of a permanent Chief Finance Officer/S151 Officer who sits on the Council’s Corporate Leadership Team. The move to include the CFO on the Corporate Leadership Team demonstrates the commitment of the Chief Executive and her top team to keep the ongoing financial challenges high on the agenda. It will also be crucial to use this forum to discuss longer term financial planning and the vision and direction for the council, including commercial opportunities.

There was evidence of a commitment to improve the historical issues of late preparation of accounts and poor financial reporting, and this was described as a “genuine aspiration to get finance sorted”. Along with the structural changes, it was evident that work was underway to embed a culture of performance and professionalism. For example, agreed deadlines for budget reporting which are communicated with managers and expected to be adhered to. There is also a need to introduce continuous training and development for the finance team, to ensure that their capacity is maximised and adaptive to the fast-paced changes

effecting local government. This will include ensuring that finance systems are understood and well-used. Continuous personal development of the financial professionals will also ensure further resilience so that Copeland can urgently address the longstanding failure to produce accounts on time.

For a culture change in terms of the council's approach to finance to embed throughout the organisation, the Finance Team should instate regular meetings with service managers to ensure that consistent budget monitoring and reporting becomes normalised in managers' roles. Detailed financial discussions will need to become a significant part of the senior manager and Executive Member dialogue, however, this will continue to be inhibited until access to financial information through regular reporting is resolved. Along with more robust governance arrangements, up-to-date financial reporting lessens the risk of the Council missing out on investment opportunities. For example, in-year underspends that could be used to increase capacity, which might otherwise be missed due to the lack of available financial information. The Peer Team saw limited evidence of long-term financial planning, which is undoubtedly due to the historical issues and recent challenges facing the Council. However, to fully recover and improve the financial health of the organisation, a medium to long-term approach that considers forecasting and scenarios will be required and owned by senior managers and Elected Members.

It is evident that the Section 151 Officer has made progress with tackling the accounting backlog, however, there remains a risk of the longstanding nature of the issues inducing complacency. The Peer Team firmly states that this risk should be addressed immediately through raising the profile of the financial challenge with Members.

The Council states that the provisional overspend in 2017/18 will reduce the General Fund to £3.158 million, which is above its specified minimum level of £2 million. This follows approval from MHCLG to capitalise costs of £788,000 relating to the cyber-attack. However, it can be seen that with a very significant ongoing budget gap, and reserves that are close to the minimum, urgent action needs to be taken.

While the scale of the financial challenge is clearly understood throughout the Council and the wider sector, the Peer Team picked up a lack of understanding about the urgency of dealing with the Council's forecast financial position. The Mayor was well-briefed on the financial position, however, there appears to have been a lack of budget monitoring and accounting information reported to the wider Executive and scrutiny. Now that the finance department has built some capacity and recovery from the cyber-attack continues, it will be crucial to ensure that all Members are given access to up-to-date information that helps them fully understand the scale of the financial challenge.

Moving forward, it is evident that difficult political decisions to close the significant budget gap of £750,000 that is currently projected for 2019/20. It was suggested that one-off funding might be used to cover this. However, it is not sustainable to continue closing budget gaps with one-off funding, and therefore Members need to explore options and make potentially difficult decisions about savings. One

example is the long-term position that the council takes on free advice for all pre-application advice provided ahead of planning decisions. The Council is proud of its high planning permission approval rates, which is helped by the identification of any issues early during the pre-application discussions. However, consideration should be given to how much appetite there is to review income opportunities and whether there is a missed opportunity by providing free advice to all applicants, regardless of the size of the development. The Council will also need to consider Council Tax levels and the Council Tax Reduction Scheme when seeking to balance the budget for 2019/20.

The outcome of the business rates valuation appeal in 2016, which resulted in a £9.1m repayment to Sellafield Ltd, had prohibited Copeland from joining the Cumbrian Business Rates pool, which would have shared any risk, as well as benefits from business rates growth. The Council has now been able to join the pool, which has resulted in £250,000 reward, however, Copeland maintain the full risk for Sellafield Ltd business rates. The Council should continue lobbying for reward to be kept locally post-2020 to minimise any further financial risk.

The Council's ambition is to "become a commercially-focused and self-sufficient council by 2021" and this is reflected in the Corporate Strategy, with Commercialisation highlighted as one of the Borough's four strategic ambitions. There was some evidence of commercial ambition being realised, for example the investment from Sellafield Ltd in the Beacon Museum. Working in a commercial partnership with Sellafield Ltd has ensured that the museum can continue to operate and provides income and a tourist attraction in the market town of Whitehaven. The "Copeland Open for Business" conference in April 2018 was also a demonstration of commercial ambition. Hosted by the Mayor, the event saw over 250 delegates from around the world travel to Copeland to find out more about investment in the area. The Peer Team have recommended that the Council continue to grow their commercial vision and develop a clear understanding of the scale of their ambition, including what is realistic and sustainable for the Borough. This will be crucial to help the Council tackle their ongoing financial challenges. Likewise, the Council should also consider its investment strategy and approach to investment, including encouraging inward investment to the Borough.

The Council has made a number of steps in the right direction for improving its approach to financial reporting and the robustness of its accounting arrangements. However, the longstanding issues relating to the production of accounts will need to be addressed with urgency.

### **3.5 Capacity to deliver**

The Council has undertaken a pay and grading review, which has allowed necessary staffing changes to drive improvement. This is a strong example of the Council making an investment for long-term gain, as it has enabled them to recruit competitively and offers more opportunity for progression. There is demonstrable

talent amongst the workforce and it will be essential to identify and develop rising stars through appropriate workforce planning.

Recruitment has been traditionally difficult for the Council due to its remote location and proximity to a high paying employer, Sellafield. However, the Council has recruited a number of apprentices and has made effective use of the government's Apprenticeship Levy. This good practice should continue to be embraced, and the organisation should continue to seek opportunities to retain talented staff, including apprentices.

The Council has ambitious commercialisation and growth plans, along with a desire to modernise working practices. New initiatives will require both a modern approach to IT, as well as the relevant skills and capacity. It will become increasingly relevant to review the capacity and skills amongst the workforce and ensure that the appropriate resources are in place to realise the ambitions. Likewise, the feasibility of ambitious plans within the current capacity should be taken seriously, with a need to deal with issues facing the council now and in the immediate future. Having a refined vision will help the Council understand what commercialisation means for the Borough.

Copeland has an impressive track record with partners. However, the Peer Team formed the view that the potential goodwill evidenced amongst Cumbrian authorities during the 2017 cyber-attack, including Carlisle hosting the Council's revenues and benefits team for several months, could be further utilised to unlock capacity. Cumbria's geography is vast and diverse and Copeland is a small, rural and isolated Borough within it. With this in mind, the Council would benefit from continuing to improve the relationships it has with the wider local government family and taking advantage of opportunities to work closely with neighbouring boroughs and the county. The Peer Team understood that shared service arrangements have not always been successful in the region, however, to build more resilience and capacity, future partnership working and shared services should not be ruled out. There is a need to recognise where there is a skills deficiency or resilience risk and consider forming alliances to ensure there is the right capacity to realistically deliver ambition as well as the opportunity to realise efficiency savings. With a relatively small workforce of approximately 260, the Council should review where resilience risk is highest and ensure that appropriate arrangements are in place to pool resources when a need arises. There are likely further opportunities for the Council to release further capacity through its partnership working. For example, Copeland has engaged and active town and parish councils, including a newly established (2015) Whitehaven Town Council. The Borough could consider its role as a facilitator of partnership arrangements, and make more use of partners when it comes to delivery.

The Council currently has a land supply issue and to address this the Council will need to work with developers and/or partners. There is a national requirement to undertake a five year assessment of housing supply, set out in the National Planning Policy Framework. Copeland's most recent assessment shows that the Council can demonstrate between 2 and 2.3 years of housing supply which falls significantly below the 5 year benchmark. To reflect this priority, the Peer Team made specific recommendations related to exploring other opportunities or vehicles to bring housing development forward and working with



developers and partners to address this issue. As reflected in the conversations that the Peer Team had while on site, Copeland is an influential and proactive partner. To increase its capacity to deliver on housing needs, the Council should consider innovative solutions such as joint ventures. The news that Toshiba had withdrawn from the Moorside project was formally announced while the Peer Team were on site. To support the Council's housing strategy, sustainable legacy solutions were planned for the Moorside nuclear development. Through conversations with the Chief Executive and Mayor, it was established that despite the news, Moorside remained a part of the Council's long term vision, and therefore the team included a recommendation about the continuation of lobbying for legacy housing.

Overall, the Peer Team felt that Copeland Borough Council was at an important cross-roads for its future. Despite significant financial challenges facing the Borough, Members and staff have demonstrated impressive resilience. The Council now has an opportunity to maximise its capacity to deliver by working with partners and continuing its journey to strengthen financial governance.

## **4. Next steps**

### **Immediate next steps**

We appreciate the senior managerial and political leadership will want to reflect on these findings and suggestions in order to determine how the organisation wishes to take things forward.

As part of the peer challenge process, there is an offer of further activity to support this. The LGA is well placed to provide additional support, advice and guidance on a number of the areas for development and improvement and we would be happy to discuss this. Claire Hogan, Principal Adviser is the main contact between your authority and the Local Government Association (LGA). Her contact details are: Email [Claire.hogan@local.gov.uk](mailto:Claire.hogan@local.gov.uk)

In the meantime we are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

### **Follow up visit**

The LGA Corporate Peer Challenge process includes a follow up visit. The purpose of the visit is to help the Council assess the impact of the peer challenge and demonstrate the progress it has made against the areas of improvement and development identified by the peer team. It is a lighter-touch version of the original visit and does not necessarily involve all members of the original peer team. The timing of the visit is determined by the Council. Our expectation is that it will occur within the next 2 years.

### **Next Corporate Peer Challenge**

The current LGA sector-led improvement support offer includes an expectation that all councils will have a Corporate Peer Challenge or Finance Peer Review every 4 to 5 years. It is therefore anticipated that the Council will commission their next Peer Challenge before 2023.